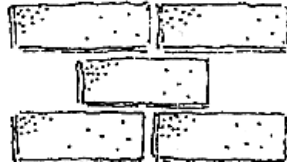


State of Alabama



HOME

Investment Partnerships Program

HOME ACTION PLAN For 2005 Funds

The 2005 HOME Action Plan was approved by the AHFA Board of Directors on December 16th and is currently in the process of being reviewed by the U.S. Department of Housing and Urban Development. The plan is available for information purposes only and is subject to change.



Prepared by the Alabama Housing Finance Authority
acting solely in its capacity as the Administrator of the State of Alabama's
HOME Investment Partnership Program

**HOME ACTION PLAN
FOR 2005 FUNDS
State of Alabama**

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I. HOME INVESTMENT PARTNERSHIPS PROGRAM

The Home Investment Partnerships Program (HOME) is a federally funded housing program established in 1990 as part of the Cranston-Gonzalez National Affordable Housing Act (the "Act"). Under guidelines from the United States Department of Housing and Urban Development (HUD), Alabama Housing Finance Authority (AHFA) is the designated administrator and designer of Alabama's HOME Program. AHFA has specifically designed the HOME Program to meet the needs of low- and moderate-income Alabamians consistent with HUD guidelines.

II. DEFINITIONS

Act - the Cranston-Gonzalez National Affordable Housing Act passed in November 1990. This Act contains the provisions for the HOME Program and is further defined in 24 CFR Part 92.

AHFA - the Alabama Housing Finance Authority. AHFA was designated the administrator of Alabama's HOME Program by the Governor of the State of Alabama on February 22, 1991.

CHAS - the Comprehensive Housing Affordability Strategy. The CHAS is a required assessment of housing and housing related needs for the State of Alabama. The CHAS was replaced by the Consolidated Plan (Plan) in 1995.

CHDO - a Community Housing Development Organization. In order to qualify as a CHDO, an organization must be a non-profit organization and meet the requirements specified in 24 CFR Section 92.2.

Competitive Cycles - a period of time established by AHFA during which applications for funding under Alabama's HOME Program may be accepted.

Consolidated Plan (Plan) - a consolidated submission of the planning and application aspects of four HUD Programs, including the HOME Program. Other Plan programs are CDBG, ESG and HOPWA.

HOME Agreement - HOME Investment Partnerships Program Agreement. The HOME Agreement is an agreement executed by AHFA and the entity approved to receive an appropriation of HOME funds.

HOME Funds - funds made available under Alabama's HOME Program through allocations and reallocations, and may consist of any repayments and interest or other return on the investment of these funds.

Participating Jurisdiction - a state or local unit of government, which has met the requirements of Section 216 of the National Affordable Housing Act and will receive a separate appropriation of HOME funds to be used within its jurisdictional boundary. The State of Alabama is considered a participating jurisdiction. The local participating jurisdictions for this state are: Jefferson County, Birmingham, Mobile, Mobile County, Montgomery, Huntsville and Tuscaloosa.

Project - a site or an entire building or two or more buildings, together with the site or (when permissible) sites on which the building or buildings are located, that are under common ownership, management, and financing and are to be assisted with HOME funds, under a commitment by the owner, as a single undertaking. Project includes all the activities associated with the site and building.

Recipient - an individual, public agency, for-profit developer(s), CHDO, non-profit developer(s), or any entity that receives State of Alabama HOME funds.

III. ALABAMA'S HOME PROGRAM

AHFA has developed and implemented this HOME Action Plan for the State of Alabama in compliance with the rules set forth in Title II of the Act, the final rule published by HUD (collectively hereinafter referred to as the "HOME Regulations"). AHFA is required by the HOME Regulations to:

- Develop selection criteria to be used in determining housing priorities for the State. The selection criteria includes ranking each project in accordance with its location, fulfillment of housing needs, project and applicant characteristics, participation of local tax-exempt organizations, and the targeting of tenant population with supportive housing needs;
- Develop an evaluation process whereby preference is given to projects, which serve: (1) the lowest-income tenants, and (2) qualified tenants for the longest period(s); and
- Develop compliance monitoring procedures to test for noncompliance with HOME regulations and for notifying the Housing and Urban Development (HUD) of noncompliance.

A. Development of Selection Criteria

AHFA has been responsible for preparing a housing needs assessment and strategy for the State of Alabama since the HOME Investment Partnerships Program was created. In 1992, AHFA prepared the first Comprehensive Housing Affordability Strategy (or CHAS) as a prerequisite for Alabama to receive millions of federal dollars for housing. Prior to submitting the CHAS to HUD, AHFA prepared an extensive list of interested relevant parties from which to gather information and mailed letters of inquiry, questionnaires and surveys to various state agencies, service providers, housing directors and individuals. Based on the information gathered, along with data from the relatively new 1990 U. S. Census, AHFA then compiled a blueprint document for creating affordable housing across the State.

Beginning in 1995, HUD abandoned the CHAS and created the Consolidated Plan; an effort to blend the four *Community Planning and Development* programs - Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA) - into a single submission process. AHFA, as administrators of the HOME Program, was deemed responsible for writing the housing portion of the new document. The Consolidated Plan provided a detailed overview of how the State planned to utilize some \$50,000,000 annually in HUD funding to meet economic development objectives, provide affordable housing, and address other special needs. As a contributor, AHFA offered a detailed analysis of the current status of housing in Alabama with special attention devoted to the condition of housing and housing affordability.

Until last year, the data used in the Consolidated Plan has been derived primarily from the 1990 U. S. Census. Beginning with the HUD program year 2004 submission, the State Consolidated Plan relied on fresh figures from the 2000 U. S. Census. While

Alabama, like all states, has experienced ups and downs in population, income, and other critical census-tracked data between 1990 and 2000, one realization has not been altered our State is still poor and thousands of Alabama families and households need a safe and affordable place to live. A great many unmet needs still exist and AHFA will use available resources to address them.

The Consolidated Plan, in addition to providing an overall assessment of housing needs for the State, identifies the housing needs associated with special needs groups (minorities, single-parent families, the elderly, people with disabilities, mental illness, or AIDS/HIV and homeless persons).

A demographic analysis performed for the first Consolidated Plan (and still true today) concluded “that a significant number of individuals in all parts of the state are in need of housing assistance. Those with the greatest needs are, predictably, concentrated at the lowest levels of the income hierarchy, wherein the housing cost burden is also the most severe. The largest numbers relative to housing needs are found in the state’s most populous urban and metropolitan counties, but the greatest concentration of need is observed in the rural counties located in the southern portion of the state, the Black Belt in particular.”

Additionally, the Consolidated Plan continues to be updated with historical AHFA data, including a list of HOME and Housing Credit projects placed in service and/or committed by AHFA since those programs began. The new Census data did not dramatically alter the state’s affordable housing priorities. While state HOME funds provide hundreds of traditional affordable housing units across Alabama each year, the overwhelming majority of beneficiaries have been families and, in some cases, the elderly. Meeting those needs is consistent with Consolidated Plan findings and the need for additional family units and elderly units should remain strong for the unforeseen future.

B. Establishment of Housing Priorities

AHFA has established certain housing priorities to be used in the distribution of HOME funds. In establishing these housing priorities for the 2005 allocation cycle, AHFA seeks to promote:

- Projects that add to the low-income housing stock, particularly in the Black Belt counties;
- Projects, which, without HOME funds, would not likely set aside units for low-income tenants;
- Projects which use additional assistance through federal, state, or local subsidies; and
- Balanced distribution of HOME funds throughout the state in terms of geographical regions, counties, and urban/rural areas.

C. Project Selection Criteria

AHFA is required to evaluate each application to determine which projects should

receive HOME funds. Applicants must complete the following basic steps:

- 1.) A complete application must be submitted to AHFA. The application package contains a checklist outlining items necessary to complete the application. The application is deemed complete if all pages are submitted on original forms with original signatures, legible and all applicable spaces are fully completed. All required forms/documentation (see application checklist) must be submitted with the application in original form with original signatures. These forms/documentation must be submitted in numerical order behind the index pages, which are included in the application package. The application should not be in a binder or spiral binding. Failure to meet any of the above instructions will result in point deductions in the Point Scoring System (see Section V (B)(1)). If an application remains incomplete after notification by AHFA of the missing documents and expiration of the time allowed for submission of said items, the application will be rejected, and no further consideration will be given.
- 2.) Qualified residential rental projects must meet the basic occupancy and rent restrictions required of HOME regulations.

Residential rental projects must be on a single site or contiguous sites. Sites *may be considered* contiguous if separated only by one neighborhood street. Mobile homes do not qualify. Intermediate care facilities, group homes, and congregate care facilities are not allowed. In addition, any residential rental unit that is part of a hospital, nursing home, sanitarium, lifecare facility, or intermediate care facility for the mentally and physically handicapped is not for use by the general public and is not eligible for HOME funds. Projects must contain no fewer than 12 units and no more than 56 units.

All residential rental units must be under common ownership, deed, financing and property management.

- 3.) Market feasibility. The proposed rental project must meet AHFA's market feasibility requirements. AHFA's Market Study Criteria is included in the application package. A market study conducted by an independent third party market analyst must, at a minimum, document the following criteria.
 - (i.) Project's market area;
 - (ii.) Supply analysis;
 - (iii.) Demand analysis;
 - (iv.) Market feasibility of the proposed rent structure;
 - (v.) Analysis of the relationship between supply and demand; and
 - (vi.) Summary of salient facts and conclusions.

The market study must demonstrate an adequate market for the proposed units and that the proposed project would not adversely impact any existing AHFA projects or create excessive concentration of multi-family units.

- 4.) Financial feasibility. The project must meet certain financial feasibility requirements. See Section IV (E) of this HOME Action Plan.
- 5.) Prove adequate infrastructure capacity within the city (or county) in which the

proposed project is/will be located.

- 6.) Likelihood of sustained 20-year compliance with HOME Regulations. The financial statements required in the application must demonstrate that the owner and management company have the financial capacity and experience to maintain compliance with HOME Regulations throughout the affordability period.

D. Amendments

AHFA is entitled to amend this HOME Action Plan, including compliance monitoring provisions, as required by the promulgation or amendment of HOME Regulations from time to time. Such amendment(s) are expressly permitted and the making of such amendment(s) will require a public notice.

E. Uses of HOME Funds

HOME funds will be allocated primarily toward the production of residential rental housing for low-income households and for other uses deemed necessary by AHFA, as long as the use is consistent with the Consolidated Plan.

A portion of the funds allocated to the State of Alabama is required to be reserved for Community Housing Development Organizations (CHDOs). Fifteen percent of HOME funds will be reserved for investments in housing developed, sponsored or owned by CHDOs. This is the percentage required by federal regulations for use by specific organizational types or activities. These HOME funds will be set aside for use by CHDOs in the form of loans for project construction and development. AHFA reserves the right in its discretion to award a sufficient number of projects to CHDO applicants, regardless of point scoring, to meet the 15% set aside of HOME funds. AHFA will make efforts to identify and assist eligible organizations in using HOME funds to meet the housing needs of the state. These organizations must meet the criteria identified by the Act and demonstrate the feasibility of their proposed endeavors.

Alabama's HOME Program will utilize loans to promote the production of affordable housing in an effort to meet the needs as identified in the State's Plan. A general outline of the HOME Program is as follows.

Anticipated Uses of HOME Funds:

AHFA estimates the following uses of 2005 HOME funds for the State of Alabama:

	USES
Loans	\$12,585,513
CHDO Loans	\$ 2,517,103
Administration	\$ 1,678,068
Subtotal	\$ 16,780,684
ADDI Grants/Forgivable Loans	<u>\$ 451,966</u>
2005 HOME FUNDS ALLOCATED	\$17,232,650

F. Loan Structure

The structure of the loans made under Alabama's HOME Program will be determined based upon AHFA's assessment of the proposed project's ability to address the needs as identified by the Plan. HOME funds to be allocated to any project will not exceed the amount, determined by AHFA, needed to make the project economically feasible. The amount, terms and rate structure will be set by AHFA. General loan guidelines are as follows and are subject to change at AHFA's discretion:

- 1.) Loan Terms and Repayment: HOME funds will be allocated to the approved projects in the form of a loan. The loan will bear an interest rate of 1/2% accruing annually with deferred payments for twenty years. The principal and interest will be due at the end of the 20th year. In the event of default, AHFA reserves the right to set a default rate in excess of the prevailing Prime Lending Rate applicable at the time of the default.
- 2.) Eligible Activities: New construction of rental units.
- 3.) Eligible Participants: For-profit developers, CHDOs, non-profit developers or any entity eligible to receive an appropriation under Title II of the Act.
- 4.) Security: The loan may be secured by a first or subordinate mortgage on the land and the existing or proposed improvements. In addition, a collateral assignment of rents and leases will be executed in connection with the property. Additional collateral may also be required, but is subject to the discretion of AHFA based on the nature of the transaction involved.
- 5.) Guaranty: AHFA, in its sole discretion, may require that the loan be guaranteed by an individual(s) or entity acceptable to AHFA.
- 6.) Insurance: Appropriate insurance will be required in connection with the principal security as collateral for the loan. In addition, the applicant, developer and/or builder must evidence insurance coverage to include, but not be limited to, builder's risk insurance, general liability insurance, and loss of rents insurance.
- 7.) Good Standing: No loan application will be processed for any borrower or related entity which is not in good standing with AHFA and any other state housing finance authority, the Alabama Department of Economic and Community Affairs (ADECA), the U. S. Department of Housing and Urban Development or the USDA Office of Rural Development (formerly the Farmers Home Administration). An applicant can be denied consideration of the HOME funds under Alabama's HOME Program if the applicant or its related parties have a history of payment delinquencies, bankruptcy, foreclosure or activities determined to be unsound or unlawful.
- 8.) Closing Costs: The borrower is responsible for all closing costs incurred in connection with any HOME Program loan(s), inclusive of all AHFA-appointed attorney's costs.
- 9.) Environmental Review: Before AHFA can commit HOME funds, a Phase I Environmental Site Assessment prepared by an environmental engineer must be completed. The form and content of the report, including all findings, must be

acceptable to AHFA. AHFA will approve, select and engage all environmental engineers. Environmental reviews will be conducted in accordance with the applicable HOME regulations.

- 10.) Survey: Loans closed under Alabama's HOME Program will require a survey of the property, which must be completed prior to closing, and contain a flood zone certification. The survey, in form and content, must be acceptable to AHFA.
- 11.) Declaration of Land Use Restrictive Covenants: Prior to closing, applicants must execute and record a copy of the Declaration of Land Use Restrictive Covenants agreement. The terms of the agreement will require that the covenants remain in effect for the required low-income occupancy period.
- 12.) Construction Consultant: AHFA will contract with an independent construction consultant who may: (i.) perform an up-front analysis of the construction budget to determine the reasonableness of costs as presented; (ii.) review the preliminary and final plans and specifications of the project (during and upon the completion of the project) for compliance with applicable local, state and federal building codes and ordinances; (iii.) review work in progress and the completed project for any material defects; and (iv.) review specifications and make comments and/or recommendations regarding the quality of materials to be used in connection with the project.
- 13.) Appraisal: Appraisals will be required on all loans and must adhere to applicable federal and state laws. The appraisal must be completed by an appraiser who is state-certified. AHFA will select and engage all appraisers.
- 14.) Application Cycles: Applications for Alabama HOME funds must be made to AHFA during an application cycle. Cycles will be competitive and on a first-come, first-served basis. Funding decisions will be based upon the project selection criteria and point scoring system as detailed herein.

IV. ALLOCATION PROCESS

A. Application Cycles

The dates of application cycles will be determined by AHFA on an annual basis. All individuals who have requested to be on the mailing list (see Section IV (B)) will receive notification of the cycles by mail or e-mail. Notice of the cycle will also appear in *The Birmingham News*, *The Huntsville Times*, *The Mobile Press Register* and *The Montgomery Advertiser*.

Persons wishing to apply for HOME funds must request and complete the AHFA HOME Funding application. Applications may be obtained by letter request. All correspondence and inquiries are to be directed to the following:

Alabama Housing Finance Authority
Attn: Multifamily Division
P. O. Box 230909
Montgomery, Alabama 36123-0909

Phone Number: (334) 244-9200
Fax Number: (334) 244-9214
www.AHFA.com

B. Mailing List

AHFA's mailing list is updated annually. Therefore, anyone not on the AHFA's mailing list and wishing to receive notifications of application cycles and other related AHFA activities must request to be placed on the mailing list. That *written* request must be sent to the aforementioned address. AHFA will contact everyone on the mailing list each year to request updated information and to determine if anyone wishes to be removed from the mailing list.

C. Application Threshold Requirements

Although AHFA recognizes that each application submitted is different, certain standard requirements **must be** met by all applicants before the application can be considered. If any of following threshold requirements do not meet AHFA's requirements the application will terminate. The threshold requirements are:

- 1.) Application Fee. A \$ 2,000 non-refundable fee must accompany the application. *The fee must be in the form of a check (no cash accepted). If the application fee is returned due to insufficient funds, the application will terminate. Regardless of the funding decisions, the application fee is non-refundable.*
- 2.) Site Control. If the applicant does not already own the property for which funds are requested at the time of application, the applicant must have site control as evidenced by a purchase option. Because of regulations that impact the varying lengths of the approval process for each property, AHFA strongly suggests that the applicant secure, at a minimum, a six-month purchase option with an option to renew for an additional six months.
- 3.) Proper Zoning. The applicant must provide evidence that the property owned/to be owned is properly zoned and consistent with the proposed project's use. (AHFA does not consider the property zoned if contingent upon further city meetings, approvals and/or advertisement.) Evidence must be in the form of a signed statement from the local jurisdiction where the property is located.
- 4.) Market Study. The applicant must provide a market study conducted by an independent third party market analyst with a signed Certification of Market Study Requirements Form provided by AHFA in the application package. The market study must demonstrate an adequate market for the proposed units and the proposed units will not adversely impact any existing AHFA projects or create an excessive concentration of multi-family units. If the market study that AHFA obtains does not satisfy AHFA's requirements, the application will terminate
- 5.) Certification of Consistency with the Consolidated Plan. If the proposed project is in an area that is covered by a local Consolidated Plan (see instructions for list), the applicant must have the certification of consistency completed by an authorized official of the participating jurisdiction. If not, the project will be under the State of Alabama's Consolidated Plan and a letter will not be required.
- 6.) Design Quality Standards. All projects are required to meet **AHFA's Design Quality Standards (Addendum A)**. These are minimum standards. AHFA will

permit projects to exceed these standards. Each applicant may construct the proposed project in a manner that reflects applicant goals or that exceeds local building codes.

- 7.) Flood Certification. The applicant must provide a completed FEMA Standard Flood Hazard Determination Form (FEMA form 81-93, OCT 02) from a licensed surveyor that no portion of the property is located within the 100-year flood plain.
- 8.) Applications submitted in other Participating Jurisdictions. The applicant that submits an application in a city or county that receives HOME funds must obtain a commitment for HOME funds from applicable participating jurisdictions, equal to ½ of the HOME funds requested from AHFA. The participating jurisdictions are listed on page 2 of HOME Action Plan.

D. Negative Actions

Should the following actions occur after the application has been submitted to AHFA, consideration of the application will terminate:

- 1.) Site change;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member);
- 3.) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
- 4.) Change in the general contractor;
- 5.) Change in the management company;
- 6.) Change in the architect;
- 7.) Instances of excessive or flagrant non-compliance on applicant's existing projects;
- 8.) Any staff or development team member (listed in the application) who has instances of excessive or flagrant non-compliance with AHFA, Low-Income Housing Tax Credit, HOME, or Tax Exempt regulations on existing projects;
- 9.) Any staff or development team member (listed in the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Low-Income Housing Tax Credits;
- 10.) Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
- 11.) Any material adverse change relating to the project or owner.

The above list of negative actions is not all-inclusive. The application package itself will list other necessary requirements. AHFA may terminate consideration of an application if any factual information supplied in connection with the application is fraudulent, misleading, or materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

E. Application Evaluation

AHFA follows a competitive process by which all applicants are objectively scored according to criteria specified in the action plan. AHFA strictly adheres to the policy and procedures of the program. Efforts to influence this process through the aid of lobbyists or other sources would be futile. Action of this type would be a violation of the allocation plans and could subject any offenders to civil or criminal liability. Each application must stand on its own merit.

- 1.) Process of Evaluation. Each application submitted will be subject to the following evaluations:
 - (i.) Completeness. Applications will first be examined for completeness. Should an application not be complete as defined in Section III (C) (1) of this HOME Action Plan, it will receive point deductions. If the application is still incomplete after time has been given to submit the missing or deficient items, the application will be rejected, and no further consideration will be given. AHFA will not transfer information from one application file to another. AHFA will not call applicants for missing items related to scoring the application. AHFA may call applicants for clarification of any document submitted with the application.
 - (ii.) Point Scoring System. Once the application is checked for completeness, the application will be further evaluated using the Point Scoring System included in Section V.
 - (iii.) Financial Feasibility. Once the application is point-scored, the project will then be evaluated to determine its financial feasibility by examining the market in which the project is located and by performing an initial review of costs in connection with the proposed sources of funds. Applications that are not financially feasible at the time of submission because additional sources of funds are necessary will not be considered for funding.

AHFA will require a minimum debt service coverage ratio of 1.15 for HOME development debt financing, that would foreseeably result in foreclosure if not repaid. For purposes of this standard, debt service coverage is defined as the ratio of a property's net operating income (rental income less operating expenses and reserve payments) to forecloseable, currently amortizing debt service obligations. AHFA will determine the allowable operating expense based on historic and current HOME and Housing Credit properties' financial statements.

AHFA will not require a first mortgage loan on any project submitted in the Black Belt counties listed in the point scoring section of the plan.

AHFA will require the project to establish and maintain throughout the compliance period a minimum operating reserve. The operating reserve will be an amount equal to six months of the projected first-year operating expenses plus three months debt service.

AHFA will require the project to establish and maintain throughout the compliance period a minimum replacement reserve of \$250 per unit annually (for ten years) for all new construction properties targeting the elderly and

\$300 per unit annually (for ten years) for all new construction targeting families and all rehabilitation properties.

AHFA's determination of the appropriate amount of HOME funds is not a representation or warranty as to the financial feasibility of such project, and may not be relied upon as such by the applicant, owner, developer, investor, lender or any other person.

- (iv.) Credit Worthiness. AHFA will perform credit investigations of the individuals and trade reports of businesses involved in the development and operation of the project. If these reports prove to be less than satisfactory, the application may be rejected.
- (v.) Reasonableness of Project Costs. Any line item costs, square footage costs or total unit costs exceeding a range of reasonableness will possibly be disallowed solely at the discretion of AHFA. Additional information and documentation (verified by AHFA and/or AHFA's designee) may be required to substantiate the reasonableness of the cost. Any allocation made cannot exceed the HUD 221(d)(3) limits. A list of applicable limits will be provided by AHFA.

AHFA reserves the right to request certification or verification in a form acceptable to AHFA of any line item cost at any time between the application cycle and final allocation of the HOME funds. When the project is placed in service, AHFA requires the final cost certification to be made by an independent CPA.

- 2.) Frequency of Evaluation. Applications will be evaluated at least two times:
 - At submission; and,
 - Before the closing of the HOME loan.

F. Developer and Builder Fees

- 1.) Developer Fee (New Construction). The developer fee, which includes the developer's overhead and profit plus consultant fees and the owner's profit, should not exceed 15% of the total project costs (excluding the developer fee).
- 2.) Builder Fee. The builder fee, which includes builder profit and overhead, should not exceed 8% of the construction costs, excluding the fee. General requirements must be cost-certified and, as a general rule, should not exceed 6% of the total construction costs. Items included in general requirements will be consistent with HUD and USDA Rural Development regulations.
- 3.) Identity of Interest. AHFA requires that the applicant identify the existence of an identity of interest with any other party to the project including the sale of real estate. "Identity of Interest" is defined below in Section IV (G) of HOME Action Plan.

G. HOME Funds Allocations

No related entities, principals or individuals shall be allocated HOME funds in excess of 15% of the state's 2005 HOME fund allocation. Regardless of the percentage ownership in a project, 100% of the project's HOME fund allocation will count towards all caps.

The intent of the ceilings is to promote fair and objective administration of the HOME program by ensuring that no single applicant can receive an excessive share of the available HOME funds in any application cycle. Parties that have an identity of interest are presumed to be sufficiently related for them to be treated as single applicant for purposes of the ceilings. As described below, AHFA may in its discretion identify other parties whose relationship is sufficiently close to cause them to be treated as a single applicant for purposes of the ceilings. A significant factor in AHFA's evaluation will be whether, based on the facts and circumstances, a primary purpose of a party's involvement in a project appears to be avoidance of the ceilings.

For purposes of this paragraph, the following relationships constitute an identity of interest for purposes of identifying related parties in order to apply the ceilings:

- 1.) Individual persons are considered related to each other (i.) if they have any of the following direct relationships: parent, child, , spouse, son-in-law, daughter-in-law, father-in-law, and mother-in-law , including any such direct relationship created by marriage, remarriage, adoption, or any other legally recognized status, or (ii.) if one individual is an employer, by common law or otherwise, of the other.
- 2.) Entities are considered related to each other (i.) if any director, shareholder, partner, member, or any other type of owner of any entity would be considered a related individual (under item a. above) to any director, shareholder, partner, member, or any other type of owner of another entity, (ii.) if the entity has the ability to control another entity, or (iii.) if the entity owns a material interest in another entity. An entity will be presumed to control another entity if it has a percentage of ownership in the other entity or the ability to appoint a percentage of the members of the other entity's governing body (i.e., board of directors, board of trustees, partners, managers, etc...) that would permit it to control the other entity either by operation of law or by agreement. A material interest means any ownership interest in excess of 20% of the stock, partnership interests, membership interests, or other forms of ownership of any entity; provided, however, that ownership interests held by housing credit investors, housing credit syndicators or special administrative partners or members shall be disregarded for purposes of 20% test.
- 3.) Without limiting the above, a trust will be considered related to an individual or entity if any trustee, trustor, grantor, settlor, beneficiary, permissible distributee, any person or entity serving a role similar to the foregoing, or any person holding power of appointment (general or limited) over trust property would be considered related to the individual or entity under items 1. or 2. above.
- 4.) Any other relationship which, while not specifically listed above, is determined to constitute an identity of interest because it is a relationship at least as close as an identity of interest described above or because it would permit an allocation that violates the intent of the ceiling.

H. Notification of Approval

The applicant will be notified of AHFA's decision in the form of a HOME Commitment Letter (the "Commitment"). The Commitment will outline actions by which owners, if they accept the terms, must abide. Failure to abide by the terms of the Commitment will automatically terminate such commitment.

I. Progress Requirements After Commitment

From the date of the commitment, the applicant has the outlined time constraints in which to obtain the following items. AHFA may grant a thirty-day extension of certain items for a fee of \$1,000. Failure to comply with any one of the items may cause the commitment to be automatically terminated:

- 1.) Within 15 days of the date of the Commitment, the applicant must:
 - (i.) Submit the certificate of Existence from the Secretary of State (must be dated prior to the execution of the HOME Commitment);
 - (ii.) Submit executed HOME Commitment Acceptance letter;
 - (iii.) Submit the executed HOME Commitment acknowledging acceptance of the terms and conditions; and
 - (iv.) Submit the executed HOME Partnership Agreement acknowledging acceptance of the terms and conditions.
- 2.) Within 60 days of the date of the Commitment Letter, the applicant must:

Submit a legally binding commitment for construction and permanent financing which details the specific terms of funding and repayment and is not subject to further approval of the creditor's board or credit committee.
- 3.) Within 75 days of the date of the Commitment Letter, the applicant must:
 - (i.) Provide final stamped plans and specifications.
 - (ii.) Provide a site specific soils report.
 - (iii.) Provide a Certified Survey.
 - (iv.) Provide the standard form of agreement between owner and architect.
 - (v.) Provide the utility letters.
- 4.) Within 90 days of the date of the Commitment Letter, the applicant must:
 - (i.) Provide certified organizational documents.
 - (ii.) Provide a copy of the complete to-be-built appraisal.
 - (iii.) Provide phase I environmental.
 - (iv.) Provide construction cost estimate summary.
 - (v.) Provide detailed construction schedule.
 - (vi.) Provide standard form of agreement between owner and contractor (AIA form).
- 5.) Within 120 days of the date of the Commitment Letter, the applicant must:

- (i.) Submit a copy of lender's executed construction note or agreement.
 - (ii.) Take full possession of the site as evidenced by the warranty deed.
 - (iii.) Provide original recorded Declaration of Land use Restriction Covenants.
 - (iv.) Submit a copy of the building permit.
 - (v.) Provide proof of construction commencement evidenced by copy of Owner's Notice to Proceed to projects General Contractor (AHFA form).
 - (vi.) Submit Recertification of Real Property Acquisition Form.
 - (vii.) Submit Title Insurance Policy.
- 6.) Within 60 days after the project is placed in service, the owner must provide AHFA with the Actual Cost Certification package.

Construction on the project cannot begin until a pre-construction conference has been held with AHFA.

J. Negative Action After the Commitment until the Placed-in-Service Date

Should the following actions occur, the Commitment of HOME funds may be terminated:

- 1.) Site change;
- 2.) Change in ownership--a change in the parties involved in the ownership entity (e.g., addition of a new general partner/member or removal of an existing general partner/member) without prior written consent of AHFA. Examples of situations in which consideration may be given for a change in ownership include, but are not limited to: death or bankruptcy. Any person or entity, including syndicators, that attempts to circumvent this requirement, may be subject to debarment from all AHFA programs;
- 3.) Change in syndication structure--a change in the role of the syndicator or in the distribution of funds/allocation to others through syndication as stated in the application without prior written consent of AHFA;
- 4.) Change in unit design, square footage, unit mix, number of units, number of buildings, etc. (unless changes are required by local regulatory codes);
- 5.) Change in the general contractor without prior written consent of AHFA;
- 6.) Change in the management company without prior written consent of AHFA;
- 7.) Change in the architect without prior written consent of AHFA;
- 8.) Instances of excessive or flagrant non-compliance on applicant's existing projects;
- 9.) Any staff or development team member (listed in the application) who has instances of excessive or flagrant non-compliance with AHFA, Low-Income Housing Tax Credit, HOME, or Tax Exempt regulations on existing projects;
- 10.) Any staff or development team member (listed in the application) who is presently debarred, suspended, proposed for debarment or suspension, declared ineligible or voluntarily excluded from any transactions or construction projects involving the use of federal funds or Low-Income Housing Tax Credits;
- 11.) Applicant has a project with AHFA that is in foreclosure or has been foreclosed; and/or
- 12.) Any material adverse change relating to the project or owner.

The above list of negative actions is not all-inclusive. The Commitment letter itself will list other necessary requirements. AHFA may terminate Commitment if any factual information supplied in connection with the project is fraudulent, misleading, or

materially incorrect. Determination of whether information is fraudulent, misleading, or materially incorrect will be determined by AHFA in its sole discretion.

K. Change in or Denial of HOME Allocation

The evaluations listed in Section IV (E)(2) of the HOME Action Plan may result in a possible change in the amount of HOME funds allocated to a project or denial of the total allocation altogether due, but not limited to, one of the following reasons:

- 1.) Information in the application submitted is determined to be incorrect or fraudulent;
- 2.) Conditions in the Commitment Letter are not met;
- 3.) Changes in the actual cost of the project;
- 4.) Applicant obtains additional subsidies or financing other than those disclosed in the application; and/or
- 5.) Applicant's failure to notify AHFA promptly of any material or adverse changes in the original application. Material or adverse changes include, but are not limited to, applicant's loss of site control, rights of way, ingress and egress, adverse change in the financial condition of the applicant, and applicant's inability to perform tasks proposed in the application by the deadline set by the applicant and further set or agreed to by AHFA.

L. Disclosure

AHFA will attempt to request all information necessary to make informed decisions regarding HOME allocations. Therefore, it is in the best interest of everyone concerned with the process to disclose completely and accurately all information regarding each proposed project. AHFA acknowledges that errors and misjudgment sometimes occur and simply requests that the applicants notify AHFA of any errors that may occur upon discovery.

V. POINT SCORING SYSTEM

Through the point scoring system, AHFA will award points to projects that best meet the identified housing priorities for the State.

The point scoring system will rank each project in two categories. The ranking of the project will be determined by adding the two section scores together and deducting any points lost to get an overall project score. The point scoring system will largely determine which projects should be funded.

Regardless of strict numerical ranking, the scoring does not operate to vest in an applicant or project any right to a reservation or commitment of HOME in any amount. AHFA will, in all instances, reserve and commit HOME funds consistent with sound and reasonable judgment, prudent business practices and the exercise of its inherent discretion.

In the event of a tie between two or more applications, the application located in a county that has not received funds in the current cycle by a higher scoring application will be funded in the county with the fewest number of Housing Credits and HOME/Housing Credits (combined) projects funded in the past seven years. If there still remains a tie, AHFA will fund the project that has the least amount of participation by the owner first and then the developer in

approved Housing Credits and HOME/Housing Credits (combined) projects in the current cycle. However, if there still remains a tie, AHFA will conduct a drawing to determine the application that will be funded. The drawing will occur during AHFA's Board meeting in which the HOME allocations are scheduled for consideration by the Board. An impartial person will be selected to draw. The owners of the application are not required to be present.

AHFA reserves the right to deny a HOME funds reservation to any applicant or project, regardless of that applicant's point ranking if, in AHFA's sole determination, the applicant's proposed project is not financially feasible or viable. Additionally, AHFA may recommend that a HOME commitment be awarded out of the ranking order established by the points earned, based on the amount of HOME funds needed relative to the amount of funding available or the financial feasibility and /or viability of the project.

AHFA reserves the right to commit HOME funds in a manner that yields equitable distribution of HOME funds throughout the State.

Under this 2005 HOME Action Plan, HOME funds will be awarded for new construction only.

In addition, HOME funds will be awarded only in combination with Housing Credits. Therefore, for purposes of consistency in scoring, the scoring system set forth below for HOME funds is identical to the scoring system being utilized by AHFA for Housing Credits. However, because Housing Credits may be used either for new construction or acquisition/rehabilitation, the scoring system includes points for acquisition/rehabilitation that cannot be funded with HOME funds.

Applicants for HOME funds will not be eligible to receive the points in the scoring system below relating to acquisition/rehabilitation. Those points will be available solely to Housing Credits only projects. To minimize confusion, the points that are inapplicable to HOME fund applicants have been identified with a "strike-through" typeface.

A. POINTS GAINED

1.) Project Characteristics (Maximum 150 Points)

(i.) Type of Construction (Maximum 44 Points)

- (a.) A maximum of 20 points will be given to projects which provide extra unit/project amenities. Refer to the application for distinction between an *extra* amenity and a *required* amenity.

Points will be awarded for providing the following amenities. Only the amenities listed below will be eligible for points.

3 Points

Clubhouse
Washer/Dryer provided in each unit
Security package (includes cameras, alarms, lighting)

2 Points

Community laundry
Playground
Computer center (two or more computers with printer and internet access)
Swimming pool
Splash Center
Exercise room with equipment

1 Point

Dishwasher in each unit	Garden area for each unit
Garbage disposal in each unit	Community TV with cable
Microwave in each unit	Basketball court
Ice maker in each unit	Enclosed bus stop shelter
Cable hook-up in each unit	Gazebo
Wiring for internet service	Picnic area with grills
Ceiling fans in living room and bedrooms	
Emergency pull cord/call button	
Washer-dryer connections in each unit	

- (b.) 3 points will be given for solid sod, which must provide a minimum of 20 feet from all sides of every building and between all buildings and paved areas. Landscaping around the building is allowed.
- (c.) 3 points will be given to projects that promote energy conservation by exceeding the standards of the Council of American Building Officials Model Energy Code, as verified by the project architect.
- (d.) 3 points will be given to projects that are designed and built or rehabilitated to exceed a 15-year maintenance-free exterior standard, as verified by the project architect.

New Construction Projects Only (Maximum of 15 points)

- (e.) 3 points will be given for all on-site paved areas, which must be concrete (a soils report prepared by a geotechnical engineer is required). Single-family projects may receive points for having all on-site paved areas by having all concrete driveways, walkways, and a 10 foot by 10 foot back patio on all units. The streets are not required to be concrete if they meet all city or county code requirements.
- (f.) 3 points will be given for a 30-year roof as evidenced by manufacturer's warranty.
- (g.) 3 points will be given for storm windows and insulated

exterior doors or thermal break insulated windows and insulated exterior doors.

- (h.) 3 points for full brick/cementitious siding, stucco, or concrete masonry unit (CMU) products (no EIFS is acceptable). A minimum of 60% of each exterior wall of the building, defined as the exterior façade from finished grade elevation to eave line, shall be brick. The remaining 40% can be cementitious siding, stucco, or CMU products. The CMU products must be decorative, textured, patterned, color core, or painted. All entry areas into the apartment including covered breezeways, porches, balconies, and patios must have brick, cementitious siding, stucco, or CMU to be considered full brick.
- (i.) 3 points will be given for underground utilities.

Rehabilitation Projects Only (Maximum of 15 points)

- ~~(j.) 3 points will be given for replacing existing roof with a 30-year roof as evidenced by manufacturer's warranty.~~
- ~~(k.) 3 points will be given for replacing all entry doors with insulated exterior doors and replacing all windows with storm windows or thermal break insulated windows.~~
- ~~(l.) 3 points will be given for replacing all kitchen cabinets and countertops.~~
- ~~(m.) 3 points will be given for replacing all kitchen appliances.~~
- ~~(n.) 3 points will be given for replacing all HVAC equipment~~
- ~~(o.) 2 points will be given for replacing all plumbing fixtures.~~
- ~~(p.) 1 point will be given for replacing all water heaters.~~

~~All points for rehabilitation construction items will be verified by the Capital Needs Assessment and Architect's Certification submitted with the application. Both documents must be completed and certified by the project Architect.~~

(ii.) Rent Affordability (Maximum 18 Points)

- (a.) A maximum of 5 points will be given to projects, which have a commitment for additional subsidies from the Federal Home Loan Bank for Affordable Housing Program (AHP) funds, commitment from HUD for HOPE VI funds, USDA RD, or a commitment from a city and/or county for CDBG.

\$1,000 - \$1,999 per unit	1 point
\$2,000 - \$2,999 per unit	2 points

\$3,000 - \$3,999 per unit	3 points
\$4,000 - \$4,999 per unit	4 points
\$5,000 and above per unit	5 points

- (b.) A maximum of 5 points for owner-financed project-based rental assistance, for a minimum of 25% of the low-income units (rounded up) for at least ten consecutive years. *At the end of ten years, any unused funds should remain available to assist tenants throughout the compliance period.*

5 points for \$50 per unit per month
 4 points for \$40 per unit per month
 3 points for \$30 per unit per month
 2 points for \$20 per unit per month
 1 points for \$10 per unit per month

- (c.) 4 points will be given to projects, which elect to designate 100% of the rental units for low-income housing tenants. *All tenants must be at or below 60% of Area Gross Median Income ("AGMI").*
- (d.) 4 points will be given to projects which have committed in writing to extend the low-income set-aside 5 years beyond the 15 years required by law.

(iii.) Special Needs Housing (Maximum 10 Points)

- (a.) A maximum of 5 points (1 point each) will be given to applicants that provide services and/or activities for the tenants free of charge. In order for the service to be eligible for points, the owner must pay for the service, provide a place for the service, or provide transportation to the service. One point will be awarded for each fully completed Tenant Service form (see application package). **The Tenant Service form must be signed by the service provider to be eligible for points. The following services are the only services eligible for points.**

Holiday festivities (3 times annually)
 Computer training (monthly)
 Financial (2 times annually)
 Tutoring assistance (weekly)
 Potluck dinners (2 times annually)
 Fire safety (2 times annually)
 Game night (monthly)
 After- school program (weekly)
 Law (2 times annually)
 Arts and crafts (monthly)
 Movie night (monthly)
 Mom's day out (monthly)
 Monthly newsletter
 Blood pressure screening (4 times annually)

CPR classes (2 times annually)

- (b.) 4 points will be given to projects with 100% of the units in the project designed, equipped and set-aside for elderly.
- (c.) 4 points will be given to projects targeting low-income families (individuals with children) with a minimum of 15% of the units having three or more bedrooms. **(If an applicant chooses 100% elderly, the applicant will not receive points for three or more bedrooms.)**
- (d.) 1 point will be given to projects which have committed in writing to target households on the public housing waiting list.

(iv.) Readiness Issues (Maximum 15 Points)

- (a.) 5 points will be given to applicants with evidence of attendance at the AHFA sponsored HOME/Housing Credit Training Seminar. The attendant must be a member of the development team.
- (b.) 5 points will be given for evidence that the applicant has secured construction and permanent financing sufficient to complete the project, as evidenced by a firm letter of commitment from a lending institution. The borrower must accept the commitments, if required by the lending institution. A general letter of interest or support is *not* a firm commitment. To be considered a commitment, the document must contain the terms, conditions, interest rate, disbursement conditions, security requirements, and repayment provisions and be signed by an authorized representative of the lending institution. The commitment may be subject to an allocation of Housing Credits or HOME funds. The commitment may not be subject to final credit approval by the lending institution. If the applicant is applying for HOME funds the first mortgage must have a twenty-year term and a twenty-year amortization. If the project is located in a Black Belt county and does not have first mortgage, only a construction loan commitment is required to receive the points. If the project is in a Black Belt county with a first mortgage, both permanent and construction commitments are required for points. If the project is an acquisition/ rehabilitation and the applicant is assuming the existing mortgage, the applicant must submit an approved assumption agreement or a commitment from the applicable lending institution approving the transfer.
- (c.) 3 points will be given for evidence of availability of *all* utilities to the site or evidence that they will be provided electricity, gas, water, sewage, and telephone. *The sewage letter must state whether there is capacity to serve the proposed units.*

- (d.) 2 points will be given for dated and executed organizational documents.

(v.) Project Type (Maximum 16 Points)

- (a.) 5 points will be given for rehabilitation of existing multifamily residential rental housing. A minimum of \$10,000 per unit of hard construction cost must be completed in order to receive points.
- (b.) 5 points will be given for applicants that apply for a four-percent (4%) credit only. (The four-percent (4%) Acquisition credit does not qualify for the points)
- (c.) 4 points will be given to HUD and USDA RD “distressed” properties. AHFA defines “distressed” properties as being in risk of foreclosure. A letter from HUD or USDA RD must be submitted with the application stating the reason property is “distressed”.
- (d.) 2 points will be given for applicants that propose a project intended for eventual tenant ownership. The project must consist of single-family homes, duplexes, or townhomes to be eligible for points. Projects consisting of townhomes must be exactly 12 units to be eligible for points

(vi.) Location (Maximum 47 Points)

- (a.) Site Selection (Maximum 30 points)

(1.) Neighborhood Characteristics (Maximum 25 points)

Points will be awarded for the following services located within the specified distance of the site. Distance will be measured by odometer from the automobile entrance of the proposed project site to closest automobile entrance to the parking lot of the applicable service. Applicant should ensure that the service is suitable for the targeted population. Points will only be awarded for the services listed below.

4 points (1 mile)

Grocery store
Public Transportation
Hospital/Doctor Office
Elementary School
Daycare/After School
Pharmacy/Drug Store

3 points (2 miles)

Public Library
Convenience Store
Bank/Credit Union
Post Office
Dept. of Human
Resources/Public Health

1 point (2 miles)

Public Athletic Fields
Public Swimming Pools
Church
Movie Theater
Municipal Parks

(2.) Negative Neighborhood Services

5 points each will be deducted if any of the following incompatible uses are adjacent or within ½ mile of the site. (The following list is not inclusive).

Junk yard/dump	Pig/chicken farm
Salvage yard	Processing plants
Wastewater treatment facility	Industrial
Distribution facilities	Airports
Liquor store	Utility substations
Railroads	Prisons
Adult entertainment/video/theater	Solid waste disposal

(3.) Accessibility (Maximum 10 points Deducted)

5 points will be deducted if the condition of the streets and sidewalks are unsatisfactory. The width of the streets will be taken into consideration.

5 points will be deducted if access to the site is on a 4-lane highway.

(4.) Environmental (5 points)

The applicant must provide a completed Phase I Environmental Site Assessment that shall conform, but not be limited to, the minimum standards as defined by the American Society for Testing and Materials Practice Standards E-1527-00 to qualify for the points. The report must be addressed to AHFA.

5 points will be awarded if the Phase I submitted with the application indicates all of the following:

- No recognized environmental conditions
- No environmental regulatory concerns
- No further action/investigation recommended

(b.) Black Belt Counties (15 points) will be given to projects located in the following Black Belt counties:

Bullock Choctaw Dallas Greene

Hale	Lowndes	Macon	Marengo
Perry	Pickens	Sumter	Wilcox

- (c.) Qualified Census Tracts/Revitalization Plan (2 points) will be given to projects located in qualified census tracts, the development of which contributes to a concerted community revitalization plan. AHFA defines such a plan as a published document, approved and adopted by the local governing body by ordinance or resolution, that targets local funds to specific geographic areas (the geographic area cannot be the entire town or city that has adopted the plan) for low-income residential developments (serving residents at, or below, 60% of the area median income). A copy of the written Revitalization Plan's applicable pages must be submitted with the application package. AHFA will not consider a Consolidated Plan the same as a Revitalization Plan for the purpose of receiving points.

2.) **Applicant Characteristics** (Maximum 25 Points)

- (i.) 5 points will be given to applicants with participation of minorities or women. To qualify for the points for participation of minorities or women the application must meet one of the following requirements:
- Minorities or women have ownership in the project;
 - Minority- or women-owned business or individual(s) (is/are) listed as the developer on page 2 of the application;
 - Applicant/Owner guarantees at least 10% of the total building cost (line 19 of the Estimated Cost Certification) is awarded to minority- or women-owned businesses.

*In all cases, the minority or female individual(s) must have at least a 50% ownership interest as the project's general partner or 50% ownership interest in the participating business to qualify for the points. These businesses include, but are not limited to, real estate firms, construction firms, appraisal firms, management firms, financial institutions, investment banking firms, underwriters, accountants, and providers of legal services. **The name and address of the company and the anticipated contract amount must be listed at the time of application on the form provided by AHFA in the application package in order to receive the points.***

- (ii.) A maximum of 10 points will be given to owners (individual(s), corporation(s), or in the case of a limited partnership, the general partner(s)) who have previous successful experience in the development of multifamily housing. The owner may include experience gained as an owner in another firm, but not as an *employee* of another firm. Applicants must **currently own** the properties listed for development points.

10 points (1000+ units or 10+ projects)
9 points (900 - 999 units or 9 projects)

8 points (800 - 899 units or 8 projects)
 7 points (700 - 799 units or 7 projects)
 6 points (600 - 699 units or 6 projects)
 5 points (500 - 599 units or 5 projects)
 4 points (400 - 499 units or 4 projects)
 3 points (300 - 399 units or 3 projects)
 2 points (200 - 299 units or 2 projects)
 1 point (100 - 199 units or 1 project)

- (ii.) A maximum of 10 points will be given to applicants with sound experience as managing agents of **low-income** housing. This experience is defined by the highest number of units currently managed. Only those units in projects that are considered low-income units will be counted in this total.

10 points (1000+ units or 10+ projects)
 9 points (900 - 999 units or 9 projects)
 8 points (800 - 899 units or 8 projects)
 7 points (700 - 799 units or 7 projects)
 6 points (600 - 699 units or 6 projects)
 5 points (500 - 599 units or 5 projects)
 4 points (400 - 499 units or 4 projects)
 3 points (300 - 399 units or 3 projects)
 2 points (200 - 299 units or 2 projects)
 1 point (100 - 199 units or 1 projects)

B. POINTS LOST

1.) Incomplete Application (No Maximum Points Lost)

If threshold documentation is missing or a threshold requirement is not met at the time AHFA receives the application, the application will no longer be considered. AHFA may request a clarification of a threshold requirement and determine if complete at AHFA's discretion.

One (1) point per missing or incomplete document will be deducted from an applicant's score if AHFA, during the completeness check, must notify the applicant of any document(s), which must be submitted. If the documents are not received by the specified time, the application will no longer be considered.

2.) Project Location (Maximum Loss of 6 Points)

Point deductions for project location is cumulative to a maximum of 6 points.

- (i.) 3 points will be deducted for applications located in counties that AHFA funded a project in the 2004 application cycle. The applicable counties are:

Bibb	Coffee	Colbert	Coosa
Dekalb	Etowah	Houston	Jackson
Jefferson	Lamar	Lauderdale	Lawrence
Lee	Marshall	Mobile	Montgomery

Talladega Tallapoosa Russell

(ii.) 2 points will be deducted for applications located in counties that AHFA funded a project in the 2003 application cycle. The applicable counties are:

Autauga	Barbour	Blount	Calhoun
Chilton	Clay	Covington	Cullman
Dale	Franklin	Jefferson	Mobile
Russell	Shelby	St. Clair	Walker

(iii.) 1 point will be deducted for applications located in counties that AHFA funded a project (excluding HOME only projects) in the 2002 application cycle. The applicable counties are:

Baldwin	Cherokee	Clarke	Jefferson
Lauderdale	Lee	Limestone	Madison
Montgomery	Morgan	Pike	Tuscaloosa

AHFA will not consider an application that is submitted in a county (Excluding HOME-only projects) that AHFA funded in 2002, 2003, and 2004 unless all AHFA 2002, 2003, and/or 2004 projects within a 1-mile radius of the proposed site have been placed in service and are 90% occupied at the time of application. Projects funded with Housing Credits only, Housing Credit combined with HOME funds, and tax exempt Bonds combined with Tax Credits will be considered within the 1-mile radius. *Radius is defined as a straight line extending from the center of a circle to the circumference.*

Applications for projects located in the Black Belt counties will not be subject to point deductions.

~~**Applications for the rehabilitation of existing residential housing will not be subject to point deductions in any county and 1-mile radius requirements.**~~

Applications that contain financing through HUD's HOPE VI program will not be subject to point deductions in any county and the 1-mile radius requirements.

AHFA will provide reasonable assistance in determining occupancy of applicable projects, upon request. All information provided to applicants by AHFA will be based upon third party information reported to AHFA. AHFA will confirm occupancy of all applicable projects at the time of application.

AHFA's determination of occupancy is final and binding on all applicants. AHFA is not responsible for errors or omissions in occupancy reported to AHFA.

3.) Compliance (Maximum Loss of 15 Points)

(i.) A maximum of 10 points will be deducted if the applicant's existing projects or the applicant's management company's existing projects are not in compliance with Section 42, the HOME Regulations or AHFA's policies and procedures.

- (ii.) A maximum of 5 points will be deducted if the applicant has not met the Davis-Bacon requirements on any existing project.

See breakdown of points for both existing projects and existing Davis-Bacon files. (Addendum B).

VI. ADMINISTRATIVE OVERVIEW

A. Alabama Housing Finance Authority (AHFA)

AHFA is a public corporation and instrumentality of the State of Alabama, organized pursuant to the provisions of Title 24 Chapter 1A of the Code of Alabama, as revised. AHFA was established as the housing finance entity for the State in 1980. Since its inception, AHFA has issued mortgage revenue bonds in excess of \$2.4 billion for the financing of more than 42,500 single-family homes, and nearly \$646 million in multifamily bonds for the production of some 100 complexes. Additionally, AHFA has issued nearly \$75.9 million in Low-Income Housing Tax Credits to fund 538 projects with 22,658 units and over \$129 million in HOME funds to construct 166 projects with 6,110 units.

Currently, AHFA has an experienced staff of 34 employees with many having 10-20 years of commercial banking, mortgage banking or accounting experience. AHFA staff includes experienced commercial real estate and construction lenders, mortgage bankers, accountants and support personnel. The multifamily staff, responsible for the HOME Program, has experience in dealing with other federal programs, which include the Low-Income Housing Tax Credit and Multifamily Bond Financing Programs. The single-family staff administers a number of programs including the Mortgage Revenue Bond program, the Mortgage Credit Certificate program, the Down Payment Assistance program, the Access Alabama Program, the Rehab Assistance Program, the Step Up program, the Rural Alabama Mortgage program, the Building Blocks to Homeownership program, and the Habitat for Humanity Loan Purchase program.

AHFA has the necessary computer hardware and software programs required to properly administer and service loan transactions in connection with the HOME Program. Hardware components consist of a personal computer local area network with multiple large-capacity file servers with the capacity to run mortgage loan servicing software packages.

B. Administrative Policies and Procedures

AHFA's administration of the HOME program includes, but is not limited to, the following functions: accounting, loan processing, loan servicing, administration, compliance, investments, and disbursement of funds. AHFA will be compensated for any and all expenses incurred in performance of its duties (inclusive of those duties for which AHFA may subcontract) through draws from available administrative funds in the HOME account.

The State of Alabama, as a Participating Jurisdiction, is responsible for ensuring that HOME funds are used in accordance with all program requirements. AHFA, acting in its capacity as Administrator of the State of Alabama's HOME program, AHFA's Board of Directors, officers, employees and agents will not be held responsible or liable for losses incurred from claims, suits, damages, and costs and expenses of any kind or of any nature that the HOME program may suffer, incur or pay arising out of decisions by AHFA concerning any application, loan decision(s), or action(s) associated with the administration of the HOME Program unless said responsibility or liability is specifically contained within the Act.

1.) HOME Disbursement Accounts

Two accounts have been established to administer Alabama's HOME Program. The first account, the HOME Investment Trust Fund, is established in the United States Treasury and managed through HUD's Integrated Disbursement and Information System (IDIS). The second, Alabama's HOME Account, is established and utilized by AHFA as a deposit and disbursement account of HOME funds. HOME funds from the federal government, interest earnings and repaid principal will be deposited and disbursed from this account. All HOME related funds in this account will be kept separate from other accounts maintained by AHFA. AHFA may establish other administrative accounts, which are allowed under Title II of the Act.

Once a project has been approved for funding, and all of the conditions required to be satisfied prior to the execution of the HOME Agreement have been satisfied, an account for said project will be established in IDIS. Requests for HOME funds will be made to the IDIS by AHFA or its designee.

2.) Administrative Duties

(i.) Audits and Reviews:

AHFA, as administrator, may conduct reviews and audits of recipients as may be necessary or appropriate to determine compliance with the rules and regulations of Title II of the National Affordable Housing Act. An accounting firm chosen by AHFA will conduct required external audits of Alabama's HOME program.

(ii.) Monitoring:

AHFA will monitor each designated recipient of HOME funds for compliance with occupancy and use restrictions. The scope and frequency of monitoring activities will meet or exceed the minimum requirements of the specific program as outlined in the Act or regulations. See Compliance Section VII.

Recipients of HOME funds must comply with the reporting requirements as defined in 24 CFR Section 92.508 and are responsible for providing AHFA with the information necessary to complete the annual reporting requirements. Recipients must report all instances of non-compliance to AHFA at P. O. Box 230909, Montgomery, AL 36123-0909 and the HUD office in Birmingham, Medical Forum Building, 950 22nd Street North, Suite 900, Birmingham, AL 35203.

VII. COMPLIANCE

A. Minority and Women's Business Outreach

As required in Section 281 of the HOME Investment Partnerships Act, AHFA will work to involve minority and women's business enterprises whenever possible. In an effort to comply with these requirements, AHFA has obtained from the Alabama Small Business Development Consortium, 1717 11th Avenue South, Suite 419, Birmingham, Alabama 35294, a list of eligible businesses for use by potential recipients of State HOME funds. AHFA will continue to work with this office to update and expand this list for use with the HOME Program.

AHFA will maintain a record of reported activities of Minority- and Women-Owned Businesses involved in the HOME Program.

B. Equal Opportunity and Fair Housing

Affirmative marketing procedures will be utilized so that no person in the United States shall, on the grounds of race, color, national origin, religion, or sex, be excluded from participation in, be denied benefits of, or be subject to discrimination under any program or activity funded in whole or in part with funds made available under Alabama's HOME Program. Recipients of Alabama's HOME funds must adhere to the requirements of the Fair Housing Act and the Age Discrimination Act of 1975. AHFA will maintain records, whenever possible, of the percentage of low-income units occupied or purchased by minority and single parents.

All loan applicants or local units of government applying for Alabama HOME funds must certify in the application that they will adhere to the affirmative marketing procedures (as defined in 24 CFR Section 92.351). Records concerning the characteristics of tenants renting HOME assisted units must be maintained by the owners; and supplied to AHFA on an annual basis. AHFA will analyze this data to assess the success of the owner's affirmative marketing procedures. AHFA will give additional preference points to those applications, which evidence the participation of minorities in connection with the project.

C. Environmental Review

AHFA will conform to the Environmental Review requirements of Title II of the Act.

D. Matching

NOTE: The State of Alabama is typically required to match a portion (twelve and one-half percent) of annual HOME funds. This match may be derived from several possible sources including the donation of land by localities, the donation of voluntary skilled or unskilled labor, sweat equity, the use of tax exempt bond proceeds, the value waived of property taxes by localities, cash injections by localities, and any other source which may be determined at a later date. Additionally, a number of AHFA programs (Down Payment Assistance, Rehab Assistance, Habitat for Humanity Partnership) provide financial assistance to HOME-eligible Alabama households and a portion of this funding may count as match. The use of any possible state funds would require an appropriation by the legislature. Specific sources and the amount of possible funds available to meet the matching requirements for a program year will be determined prior to any draw of HOME funds.

For 2002, HUD has granted a full waiver of the match requirement due to the State of Alabama's designation as a Participating Jurisdiction in *severe financial distress*. Specific waivers for subsequent program years may also be granted if an Alabama county is listed as a Presidentially declared disaster area.

E. Occupancy and Rent Requirements

In HOME and Housing Credit residential rental projects at least 40% of the units by building must be occupied by households with incomes at or below 50% of median family income and the rent must be restricted at or below the 50% rent level or Section 8 Fair Market Rent, whichever is less. The remaining units must be occupied with households with incomes at or below 60% of median family income and the rent must be restricted at or below the 60% rent level or Section 8 Fair Market Rent, whichever is less to receive a nine- percent credit.

HOME Income limits and Rent limits are calculated annually by HUD's Office of Policy Development and Research (PDR), once the Section 8 income has been issued.

F. Compliance Monitoring

These compliance monitoring procedures apply to all buildings placed in service in Alabama, which have received allocations of HOME funds determined under the HOME Regulations (hereinafter cited as "Regs"). The compliance monitoring procedures and requirements are as follows:

- 1.) AHFA will verify that the owner of a low-income housing project is maintaining records for each qualified low-income building in the project. These records must show, for each year in the compliance period, the information required by the record-keeping provisions contained in the HOME Regulations, incorporated herein by reference.
- 2.) AHFA will verify that the records documenting compliance with the HOME Regulations for each year as described in Paragraph 1 above are retained for the entire affordability period.
- 3.) AHFA will inspect 100% of the HOME projects each year and will inspect the low-income certification, the documentation the owner has received to support that certification, and the rent records in those projects.
- 4.) The owner must allow AHFA to perform an on-site inspection of any low-income building in the project through the end of the compliance period. This inspection may be separate or in conjunction with any review of tenant files under Paragraph 3 and will include habitability requirements.
- 5.) AHFA will promptly notify the owner in writing if AHFA is not permitted to inspect and review as described in Paragraphs 3 and 4, or otherwise discovers that the project does not comply with the HOME Regulations. In such event, the owner will be allowed a correction period to supply missing documentation or to correct noncompliance. This correction period begins the earlier of (i.) the date the notification is mailed or (ii.) the date of the inspection.
- 6.) AHFA will notify HUD of an owner's noncompliance or failure to certify no later than 45 days after the end of the time allowed for correction and no earlier than the end of the correction period, whether or not the noncompliance or failure to certify is corrected.
- 7.) During the compliance period, the owner will furnish to AHFA within 60 days of the close of each fiscal year a consolidated statement of financial position, an income and expense statement, and a rent roll of the project for that fiscal year. These items are to be certified by the owner.
- 8.) Compliance with requirements of the HOME Regulations is the responsibility of the owner of the building for which HOME funds are loaned or granted. AHFA's obligation to monitor for compliance with the requirements of the HOME Regulations does not make AHFA or the State of Alabama liable to any owner or to any shareholder, officer, director, partner, member or manager of any owner or of any entity comprising any owner for an owner's non-compliance therewith.

VIII. AMERICAN DREAM DOWNPAYMENT INITIATIVE

American Dream Downpayment Initiative (ADDI)

ADDI is a relatively new HOME Program-based funding source for the provision of down payment assistance to eligible first-time homebuyers. AHFA serves as administrators of the State of Alabama HOME Program and the State of Alabama ADDI Program.

The initial allocation of ADDI funds to the State was approximately \$1,463,919 -- 2003 HUD-appropriated funds totaling \$671,691 and 2004 new funding totaling \$792,228. Each source had its own separate requirements. Because the 2003 funds have a shorter shelf life (before recapture) than the 2004 funds, AHFA is allocating the 2003 funds first.

2003 ADDI Funds

AHFA is using the \$671,691 in 2003 ADDI funds to create unique down payment assistance opportunities for first-time homebuyers throughout Alabama¹. The downpayment amounts (assistance caps) are limited to the HOME maximum per-unit subsidy or 221(d)(3) limits. The downpayments are in the form of a grant or a forgivable loan and they may be used for the purchase of a new home or an existing home that meets certain requirements. Banks and mortgage lenders across Alabama serve as AHFA partners in this endeavor to reach eligible prospects.

2004 ADDI Funds

AHFA is using the \$792,228 in 2004 ADDI funds for downpayment assistance throughout Alabama (see footnote 1). The per-family assistance cap limit will be the greater of \$10,000 or 6% of the purchase price. Again, the downpayments are in the form of a grant or a forgivable loan and they may be used for new homes and some existing homes.

2005 ADDI Funds

The State of Alabama ADDI allocation for 2005 is estimated to be \$451,966. AHFA will use these funds for downpayment assistance throughout Alabama (see footnote 1). The per-family assistance cap limit will be the greater of \$10,000 or 6% of the purchase price. Again, the downpayments are in the form of a grant or a forgivable loan and they may be used for new homes and some existing homes.

Guidelines & Strategies

Families and households eligible to receive ADDI funds will be those who earn 80% or less of area median income, per HOME regulations. Special emphasis will be given to attract renters who are likely candidates for homeownership, as well as anyone who has not owned a home in the last three years. The potential candidates for ADDI are plentiful throughout the State and AHFA program outreach plans will include both proven and underserved homeownership markets.

¹ At this time, AHFA plans to target State ADDI funding to areas that do NOT receive their own ADDI allocation.

ADDI recipients will be required to complete a homeownership counseling course conducted by a qualified² trainer. Every effort will be made to make these courses as available and as frequent as is practical throughout the State.

The outreach and marketing effort for ADDI funds will be conducted by AHFA and its many business partners (and their members) such as the Homebuilders Association of Alabama, the Alabama Realtors Association, the Alabama Mortgage Bankers Association, the Alabama Mortgage Brokers Association, the Alabama Bankers Association, the Alabama Federation of Housing Counselors and Agencies, Consumer Credit Counseling Services, HCA members and others. AHFA also has strong ongoing relationships with most non-profit housing groups, including several Community Housing Development Organizations or CHDOs. These Alabama CHDOs are experienced professionals who know their respective communities and the families who can best take advantage of this new program.

In a particular effort to reach ADDI prospects who live in trailer parks or otherwise in manufactured housing, along with prospects who reside in public housing, AHFA plans to tap into the expertise of the organizations who serve lower-income Alabamians at the local level – the 100+ public housing authorities in the State and the 22 local community action agencies. Additional outreach conduits include Alabama's regional planning councils, the Alabama League of Municipalities (to reach local city officials), the Alabama Department of Human Resources, and others. The ADDI program is, by nature, very marketable and AHFA expects minimum obstacles in being able to reach prospects across the State.

² Trainers must be certified by the Homeownership Consortium of Alabama (HCA). AHFA is a founding member and ongoing sponsor of HCA.

Addendum A

Design Quality Standards Twelve (12) or More Units

The following outline of minimum standards must be used in designing Housing Credit and HOME projects of twelve or more units.

Any deviations from these standards should have the prior written consent or approval of the Alabama Housing Finance Authority.

All projects must be designed in accordance with the applicable requirements of the Americans with Disabilities Act, Section 504 Requirements, Fair Housing and any local building codes.

Site Selection Criteria:

Proposed sites contained within a 100-year flood plain are not permitted.

Sites located in a Radon Zone-1 (highest level) will require Radon Resistant New Construction Practices. Rehabilitation projects must meet the Radon Mitigation Standards as required by the Environmental Protection Agency. The following counties are located in Radon Zone -1: Calhoun, Clay, Cleburne, Colbert, Coosa, Franklin, Jackson, Jefferson, Lauderdale, Lawrence, Limestone, Madison, Morgan, Shelby, and Talladega.

All developments must submit a complete site specific soils report, not more than one year old at the time of submission of final plans and specifications, bound within the project specifications. The soils report must reflect the results of laboratory tests conducted on a minimum of one (1) soil boring per planned building location and a minimum total of two (2) soil borings at the planned paved areas of the development. A registered professional engineer or a certified testing agency with a current license to practice in the State of Alabama must prepare the report.

Sites located outside municipal city limits:

1. A proposed new construction site may be located outside a municipality's city limit, but must be within the local police or sheriff jurisdiction.
2. A proposed site that is located in the police jurisdiction of a local municipality must comply with applicable zoning restrictions as if located within that municipality's city limit.
3. Domestic water and fire water service must be provided to the development by the local utility service provider.

Building Design Criteria

Maximum Building Standards:

4. The square footage of the Project's community building must not exceed 2,500 square feet (inclusive of the office area, community laundry, mechanical room, restrooms, kitchens, porches, etc.).

5. All 100% Elderly projects must be one-story structures. Exception: Projects may have more than one story, provided elevators are to be installed servicing all upper level apartments. Design exceptions, or deviations, may be reviewed by AHFA on an individual basis.

Minimum Building Standards:

6. Minimum Apartment Unit Net Area Requirements:
 - a. "Net" area is measured from the **interior finished face** of the exterior wall to the **centerline** of the common, or party, wall.
 - b. Minimum Bedroom Net Area is measured from the interior faces of all walls surrounding each bedroom, excluding closets, mechanical rooms, and storage rooms.

Unit Type	<u>Number of Bathrooms</u>	Minimum Unit Net Area*	Min. Bedroom Net Area
1 Bedroom	1	725 s.f.	120 s.f.
2 Bedroom	1	900 s.f.	120 s.f.
2 Bedroom	1.5	925 s.f.	120 s.f.
2 Bedroom	2	975 s.f.	120 s.f.
3 Bedroom	2	1,050 s.f.	120 s.f.
4 Bedroom	2	1,250 s.f.	120 s.f.

**Note 1: Unit areas do not include outside storage, covered porches, patios, balconies, etc.*

7. Exceptions to the minimum area requirements:
 - a. Projects with USDA Rural Development (formerly FmHA) financing;
 - b. Single-Room Occupancy ("SRO") projects; and
 - c. Rehabilitation of existing residential rental units.
8. For new construction, all units must include an exterior storage closet with a minimum area of 16 square feet.
9. Exterior Building Standards:
 - a. Exterior Finishing Materials:
 1. Exterior building coverings: For new construction, very low maintenance materials are required. Acceptable materials include:
 - a. Brick;
 - b. High quality vinyl siding with a minimum thickness of .042 and a lifetime non-prorated limited warranty (50 year) transferable; or
 - c. Cementitious siding.

All siding materials listed above are required to be 8 inches above the finished floor elevation of the building ground floor, with the exception of concrete patio and covered breezeway areas. Brick or decorative block must be used as an apron material.
 2. Prefinished fascia and soffit: Vinyl or aluminum panels should be used.
 3. Windows frames and sashes are to be constructed of vinyl-clad wood, solid extruded vinyl, or aluminum.
 4. Materials for entry doors are to be metal-clad wood or hollow metal construction. "Peepholes" and deadbolt locks are required in entry doors. Dead bolt locks on entry doors should have "thumb latch" on interior side. Double keyed dead bolt locks are prohibited. Minimum width of all exterior doors shall be 34 inches.

5. Roofing materials: Anti-fungal shingles or metal roof with 25-year warranty or better should be used.
6. Roof gable vents should be made of aluminum or vinyl materials.
7. All primary entries should be within a breezeway or have a minimum roof covering of 3-feet deep by 5-feet wide, and should be designed to divert water away from the entry door. Entry pads measuring 4 feet by 4 feet and made of impervious material with a minimum slope of 1/4 inch per foot are required at each exterior entry.
8. Breezeways functioning as fire exits must be constructed of concrete floor/decking material.
9. Exterior shutters are required on all 100% vinyl siding buildings.
- b. Other Exterior Standards:
 1. Exterior lighting is required at entry doors.
 2. Address numbers are to be clearly visible.
 3. One and one-half parking spaces per living unit required for family units, one space per unit for elderly units, two parking spaces for single family homes, and two parking spaces for each duplex, unless local code dictates otherwise, and no designated street parking allowed.
 4. Flashing is to be installed above all exterior door and window units.
 5. A landscaping plan must be submitted indicating areas to be sodded and landscaped. Landscaping plan(s) must follow any applicable landscape municipal ordinance. At a minimum, all disturbed areas must be seeded. One 1 1/2" tree per unit. Six 1 gallon shrubs per unit.
 6. Concrete curbing is required along all paved areas throughout the development site, including parking areas.
 7. Sidewalk access to all parking spaces must be provided.
 8. A project sign including the fair housing logo is required.
 9. A minimum of one enclosed trash dumpster or compactor is required.
 10. Continuous asphalt or concrete paved access road must be provided to the entrance of the development.
10. Interior Building and Space Standards:
 - a. Wall Framing:
 1. Walls may be framed using metal studs in lieu of wood.
 2. Sound proofing or sound batt insulation is required between the stud framing in party walls. A sound rating of STC 54 is required.
 - b. Insulation Requirements:
 1. Exterior wall insulation should have an overall R-11 minimum for the entire wall assembly.
 2. Roof or attic insulation should have an R-30 minimum.
 3. Vapor retarders must be installed if recommended by project architect.
 - c. Kitchen spaces:
 1. 6 1/2-inch deep double bowl stainless steel sinks are required in each unit.
 2. Each unit must be equipped with a dry chemical fire extinguisher readily visible in the kitchen.
 3. New cabinets should have dual sidetrack drawers and no laminate or particleboard fronts for doors or drawer fronts. Cabinets shall meet the ANSI/KCMA A161.1 performance and construction standard for kitchen and vanity cabinets. Cabinets shall bear the certification seal of KCMA (Kitchen Cabinet Manufacturers Association).

4. A pantry closet is required in each unit. The pantry must be 1'6" x 1'6" deep with a minimum five shelves, located in the kitchen.
5. Fluorescent lighting is required.
- d. Bathroom Spaces:
 1. Tub/shower units should have minimum dimensions of 30-inch width by 60-inch length and be equipped with anti-scald valves. All tubs in designated handicap accessible units must come complete with "factory-installed grab bars".
 2. Water closets should be centered 18 inches from sidewalls or vanity/lavatories.
 3. Mirror length should extend to top of vanity backsplash with top of mirror a minimum of 6'-0" above finish floor.
- e. Hallways should have a minimum width of 36 inches.
- f. All interior doors to habitable spaces should have minimum width of 30 inches.
- g. Overhead lighting is required in each room.
- h. Window treatments are required for all windows.
- i. Sliding glass doors are prohibited.
- j. Floor Finishes:
 1. Carpet materials must meet FHA minimum standards.
 2. Resilient flooring materials must meet FHA minimum standards.
- k. A minimum of two hard-wired with battery back-up smoke detectors is required per unit.
11. Plumbing and Mechanical Equipment:
 - a. Water heaters should be placed in drain pans with drain piping plumbed to the outside.
 - b. All water piping located on exterior walls and in attic space should be insulated. Water and sanitary waste lines should be located in interior walls or stubbed up through the floor.
 - c. Through-wall HVAC units are not permitted except in efficiency units or in offices.
 - d. CPVC supply piping is not allowed for interior space in-wall or overhead services.
 - e. HVAC units and water heaters are not permitted in attic spaces. Units must be placed in Mechanical Closets with insulated walls located in the living unit.
 - f. HVAC refrigeration lines shall be insulated.
 - g. HVAC 10 seer or greater should be used.
- C. Modular Construction:
 1. Modular units are to be constructed in component sections and assembled by a manufacturer in a controlled environment. The component sections are to be assembled on a conventional permanent foundation at the project site. Finish work is to be completed on site.
 2. Modular units must be constructed to meet applicable building codes, AHFA's specifications and Design Quality Standards stated herein.
 3. A modular home manufacturer's warranty must be provided.

Drawing Submission Criteria:

The following documents should be prepared by a registered architect, surveyor, or engineer licensed to practice in the State of Alabama.

Site Plan: The following items should be shown.

12. Scale: 1 inch = 40 feet or larger for typical units.
13. North arrow.
14. Locations of existing buildings, utilities, roadways, parking areas if applicable.
15. Existing site/zoning restrictions including setbacks, rights of ways, boundary lines, wetlands, and flood plain.
16. All proposed changes and proposed buildings, parking, utilities, and landscaping.
17. Existing and proposed topography of site.
18. Finished floor height elevations and all new paving dimensions and elevations.
19. Identification of all specialty apartment units, including, but not limited to, designated handicapped accessible and sensory impaired apartment units.
20. Site accessibility design requirements.

Floor Plans:

21. Scale: 1/4 inch = 1 foot or larger for typical units.
22. For projects requiring renovation and/or demolition of existing structures, show proposed changes to building components and design, identifying removal and new construction methods.
23. Show room/space layout, identifying each room/space with name and finished space size.
24. Indicate the total gross square foot size, and the net square foot size for each typical unit.
25. For projects involving removal of asbestos and/or lead paint, identify location and procedures for removal.

Elevations and sections for new construction:

26. Scale: 1/8 inch = 1 foot or larger.
27. Identify all materials to be used on building exteriors and foundations.

ADENDUM B

COMPLIANCE **COMPLIANCE**

Existing Project **(Breakdown of Points Lost)**

1. **1 point** deducted if the owner or management company has a non-compliance issue that is not cured by the correction date set by the compliance department.
2. **5 points** deducted if the owner or management company has continued and excessive non-compliance issues.
3. **10 points** deducted if the owner or management company have not made the tenant files available to AHFA to determine if the property is in compliance with applicable regulations.

Existing Davis-Bacon **(Breakdown of Points Lost)**

1. **1 point** deducted if Davis Bacon issues are outstanding for 6 months or more.
2. **3 points** deducted if contractor is unable to submit payrolls, causing escrow account to be established.
3. **5 points** deducted if Davis Bacon files on HOME Projects are outstanding over 2 years.

BOTH BREAKDOWNS OF POINTS LOST ARE NOT ALL INCLUSIVE. THERE MAY BE ISSUES OF NON-COMPLIANCE NOT INCLUDED ON THE LISTS WITH SECTION 42, HOME REGULATIONS, DAVIS-BACON, AND/OR AHFA REQUIREMENTS THAT MAY WARRANT POINT DEDUCTIONS UP THE MAXIMUM OF 15 POINTS.

Existing Project **(Breakdown of Points Lost)**

4. **1 point** deducted if the owner or management company has a non-compliance issue that is not cured by the correction date set by the compliance department.
5. **5 points** deducted if the owner or management company has continued and excessive non-compliance issues.

6. **10 points** deducted if the owner or management company have not made the tenant files available to AHFA to determine if the property is in compliance with applicable regulations.

Existing Davis-Bacon (Breakdown of Points Lost)

4. **1 point** deducted if Davis Bacon issues are outstanding for 6 months or more.
5. **3 points** deducted if contractor is unable to submit payrolls, causing escrow account to be established.
6. **5 points** deducted if Davis Bacon files on HOME Projects are outstanding over 2 years.

BOTH BREAKDOWNS OF POINTS LOST ARE NOT ALL INCLUSIVE. THERE MAY BE ISSUES OF NON-COMPLIANCE NOT INCLUDED ON THE LISTS WITH SECTION 42, HOME REGULATIONS, DAVIS-BACON, AND/OR AHFA REQUIREMENTS THAT MAY WARRANT POINT DEDUCTIONS UP THE MAXIMUM OF 15 POINTS.